

IN THE UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF NORTH CAROLINA

1	UNITED STATES OF AMERICA) Greensboro, North Carolina
2) February 7, 2014
3	vs.)
4)
5	CRAIG STANFORD EURY,) Case No. 1:14CR39-1
6	Defendant.)
7	UNITED STATES OF AMERICA)
8	vs.)
9	SARAH ELIZABETH FARRELL,) Case No. 1:14CR39-2
10	Defendant.)
11	UNITED STATES OF AMERICA)
12	vs.)
13	INTERNATIONAL LABOR MANAGEMENT)
14	CORPORATION,) Case No. 1:14CR39-3
15	Defendant.)

TRANSCRIPT OF INITIAL APPEARANCE
BEFORE THE HONORABLE L. PATRICK AULD
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

18	For the Government:	FRANK JOSEPH CHUT, AUSA
19		Office of the U.S. Attorney
20		101 S. Edgeworth Street, 4th Floor
21		Greensboro, NC 27401
22	For the Defendant:	KEARNS DAVIS, ESQUIRE
23	(Eury)	Brooks Pierce
24		POB 26000
25		Greensboro, North Carolina 27420-6000
26	For the Defendant:	JOSHUA BRIAN HOWARD, ESQUIRE
27	(Farrell)	Gammon, Howard & Zeszotarski, PLLC
28	(Int'l Labor)	115 1/2 W. Morgan St.
29		Raleigh, NC 27601

I N D E X

WITNESSES: GOVERNMENT

None

WITNESSES: DEFENDANT

None

EXHIBITS:

MARKED

RCVD

None

Court Reporter: Joseph B. Armstrong, RMR, FCRR
324 W. Market, Room 101
Greensboro, NC 27401

Proceedings typed from audio recording.
(Transcriber, Sharon L. Armstrong.)

P R O C E E D I N G S

(Defendants present.)

MR. CHUT: Good afternoon, Your Honor.

THE COURT: Good afternoon, Mr. Chut.

MR. CHUT: Your Honor, the first matter is on for initial appearance and arraignment. First, United States of America versus Craig Stanford Eury, Jr., 1:14CR39-1, Mr. Eury represented by Mr. Davis; second, 1:14CR39-2, United States of America versus Sarah Elizabeth Farrell, Mr. Joshua Howard representing Ms. Farrell; and finally, the United States versus International Labor Management Corporation, Mr. Howard representing International Labor, and that is 1:14CR39-3.

THE COURT: Okay. Thank you, Mr. Chut. Good afternoon, Mr. Davis.

MR. DAVIS: Good afternoon, Your Honor.

THE COURT: Mr. Howard. For purposes of initial appearance, let me address Mr. Eury and Ms. Farrell and Mr. Howard on behalf of the Corporation.

It would appear that each of you are in court as a result of your arrest on a warrant in connection with an indictment that was issued by a grand jury for this district. The indictment contains a number of charges. It appears that Count One charges a conspiracy to defraud the United States and to commit offenses involved in bringing persons without lawful status to the United States, or causing them to remain in the

1 United States, and that Mr. Eury and Ms. Farrell were charged
2 in Count One with the conspiracy.

3 Mr. Howard, do you agree that the conspiracy doesn't
4 purport to charge the Corporation? I'm looking at
5 paragraph 22. The Corporation is certainly referenced in some
6 of the background information, but paragraph 22 of Count One,
7 it appears that it alleges that Eury and Farrell and others,
8 but without specific reference to the Corporation, engaged in
9 the conspiracy that follows thereafter.

10 MR. HOWARD: We agree, Your Honor.

11 THE COURT: All right. I'm not even sure if the
12 Corporation is capable of engaging in a conspiracy, but it does
13 appear at least in this case that they are.

14 So that would be Mr. Eury and Ms. Farrell in Count
15 One with conspiracy, and then in the -- Counts Two through
16 Thirty-six would charge Ms. Farrell and the Corporation with
17 substantive violations of the immigration-related statute that
18 is also referenced in the conspiracy, Counts Thirty-seven
19 through Forty charging Ms. Farrell and the Corporation with
20 certain document fraud -- government document fraud offenses,
21 and Count Forty-one with engaging in monetary transactions and
22 criminally-derived funds.

23 Now, each of those offenses -- well, let me look
24 before I speak. Certainly, the conspiracy offense carries with
25 it a sentence of imprisonment of more than one year. The

1 immigration-related substantive offenses, it would appear, it's
2 alleged that those are of a sort that would also carry with
3 them a sentence of more than one year in prison.

4 In light of those facts, each of you has certain
5 rights that I must advise you of at this time. First, you have
6 the right to retain or to request the appointment of counsel,
7 which means that you can hire a lawyer, as it appears you've
8 done in this case, or if you continue -- could not afford to do
9 so, you could ask the Court to direct a lawyer to represent you
10 at no cost to you.

11 Mr. Eury, do you understand that if for some reason
12 Mr. Davis was not able to continue representing you, and you
13 felt like you couldn't hire another lawyer, that you could ask
14 the Court to appoint one for you?

15 DEFENDANT EURY: Yes, Your Honor.

16 THE COURT: All right. And Ms. Farrell, do you
17 understand that as well?

18 DEFENDANT FARRELL: Yes, Your Honor.

19 THE COURT: All right. And I don't believe the
20 Corporation would have the right to appointed counsel, so I
21 don't think that would apply as to them, Mr. Howard.

22 You also have the right to have the Court consider
23 whether you should be released on conditions, which means being
24 let out on what some people refer to as bail or bond. Do you
25 understand that, Mr. Eury?

1 DEFENDANT EURY: Yes, Your Honor.

2 THE COURT: And do you, Ms. Farrell?

3 DEFENDANT FARRELL: Yes, Your Honor.

4 THE COURT: And again, that wouldn't be an issue for
5 the Corporation.

6 Finally, each of you has the right to remain silent,
7 which means that you have the right to refuse to answer any
8 question if a truthful answer might tend to incriminate you in
9 any way. And so just for example, you could refuse to answer
10 any question related to these charges that I've described,
11 whether put to you in a courtroom like this or outside of
12 court. Do you understand that, Mr. Eury?

13 DEFENDANT EURY: Yes, Your Honor.

14 THE COURT: And do you, Ms. Farrell?

15 DEFENDANT FARRELL: Yes, Your Honor.

16 THE COURT: All right. And again, Mr. Howard, I'm
17 not sure what rights the Corporation has in that regard, but
18 I'm sure you will make sure that they understand whatever those
19 rights are. Is that right?

20 MR. HOWARD: Yes, sir, I will.

21 THE COURT: Okay. All right. For purposes of
22 arraignment then, Mr. Davis, have you had a chance to review
23 with Mr. Eury a copy of the indictment?

24 MR. DAVIS: Yes, Your Honor.

25 THE COURT: And after doing that, do you believe he

1 understands what he's been charged with?

2 MR. DAVIS: I do, Your Honor.

3 THE COURT: Would he waive reading of the full
4 document?

5 MR. DAVIS: Yes, Your Honor.

6 THE COURT: And would you tell me his plea?

7 MR. DAVIS: Not guilty, Your Honor.

8 THE COURT: All right. And did you have a chance to
9 obtain the scheduling order?

10 MR. DAVIS: We did.

11 THE COURT: All right. And did you have an extra
12 copy that he could have?

13 MR. DAVIS: Yes.

14 THE COURT: All right. Mr. Eury, that scheduling
15 order, I know that Mr. Davis will review that carefully with
16 you, but I'll just say for your benefit that it's a document
17 that sets out important deadlines for your case, and you should
18 cooperate with Mr. Davis to see that those deadlines are met.
19 Do you understand?

20 DEFENDANT EURY: Yes.

21 THE COURT: All right. And Ms. Farrell, do -- well,
22 first, Mr. Howard, did you also have a chance to review the
23 indictment with Ms. Farrell?

24 MR. HOWARD: I have, Your Honor.

25 THE COURT: And do you believe that she understands

1 it?

2 MR. HOWARD: I believe she does.

3 THE COURT: And does she waive the full reading of
4 it?

5 MR. HOWARD: She does.

6 THE COURT: Would you tell me her plea?

7 MR. HOWARD: Not guilty.

8 THE COURT: And did you also have a chance to obtain
9 two copies of the scheduling order?

10 MR. HOWARD: Yes, Your Honor.

11 THE COURT: All right. And I know you'll review that
12 with Ms. Farrell; but Ms. Farrell, did you hear what I said
13 about the deadlines and the need to cooperate with your
14 attorney to see that they're met?

15 DEFENDANT FARRELL: Yes, Your Honor.

16 THE COURT: All right, very good. All right.
17 Mr. Howard, for purposes of the Corporation, do you believe
18 that the appropriate corporate officials had a chance to review
19 the indictment with you?

20 MR. HOWARD: I believe they have, yes, sir.

21 THE COURT: All right. And that those with
22 responsibility understand the nature of the charge?

23 MR. HOWARD: I do.

24 THE COURT: And would they also waive the full
25 reading of the indictment?

1 MR. HOWARD: They will.

2 THE COURT: And what's the plea?

3 MR. HOWARD: Not guilty.

4 THE COURT: And obviously, you've covered -- you have
5 the scheduling order and you can review that with the
6 appropriate corporate officials as well.

7 MR. HOWARD: I will.

8 THE COURT: Thank you. Mr. Chut, what's the
9 Government's position on release?

10 MR. CHUT: Your Honor, the Government has agreed to
11 the terms of release with both the defendants. They can be
12 released on an unsecured bond, Your Honor, under supervision of
13 pretrial (inaudible), and they already surrendered their
14 passports.

15 THE COURT: All right. Did you want to be heard on
16 any of these conditions, Mr. Davis?

17 MR. DAVIS: Your Honor, I have -- I believe they're
18 the same conditions that I have spoken about this morning with
19 Ms. Wilkins and that we do not wish to be heard on those, Your
20 Honor.

21 THE COURT: All right. And Mr. Howard, did
22 Ms. Farrell have a position on any of the release conditions?

23 MR. HOWARD: No, Your Honor. We have the same
24 conditions as well.

25 (Short pause.)

1 MR. HOWARD: Thank you, Your Honor.

2 THE COURT: It's all right. Take your time. All
3 right. Mr. Eury -- is Mr. Eury able to stand up, or would
4 he --

5 MR. DAVIS: Yes. Yes, Your Honor.

6 THE COURT: Okay. Then I'll just review these
7 conditions with you, Mr. Eury. First, you must not violate any
8 federal, state, or local law while you're on release. Do you
9 understand?

10 DEFENDANT EURY: Yes, Your Honor.

11 THE COURT: You also must cooperate in the collection
12 of a DNA sample if it's authorized by federal law. Do you
13 understand?

14 DEFENDANT EURY: Yes.

15 THE COURT: You must advise the Court or your
16 supervising officer in writing before you make any change in
17 your residence or telephone number. Do you understand?

18 DEFENDANT EURY: Yes, Your Honor.

19 THE COURT: And you must appear in Court as required,
20 and, if convicted, you must surrender to serve any sentence
21 that is imposed. Do you understand?

22 DEFENDANT EURY: Yes.

23 THE COURT: All right. We've talked about the fact
24 that there is a scheduling order, and that has some specific
25 dates for when you might need to be in court again depending on

1 whether you're going to enter a guilty plea or have a jury
2 trial. Mr. Davis can explain to you, though, that sometimes
3 those specific dates have to be changed depending on the number
4 of cases that have to be heard and other factors, and so it's
5 important that you stay in close touch with Mr. Davis to make
6 sure you know when you need to be in court and to be there. Do
7 you understand?

8 DEFENDANT EURY: Yes.

9 THE COURT: All right. It's also going to be
10 provided that you submit to supervision by a probation officer
11 as they direct, which means they're going to set up a schedule
12 for how and when they want to interact with you, and you must
13 follow their directions. Do you understand?

14 DEFENDANT EURY: Yes.

15 THE COURT: You're also to continue in or actively
16 seek employment. Do you understand?

17 DEFENDANT EURY: Yes.

18 THE COURT: You're also to surrender any passport
19 that you have to the probation office. Do you understand?

20 DEFENDANT EURY: Yes.

21 THE COURT: Mr. Davis, do you know the whereabouts of
22 any passport?

23 MR. DAVIS: I gave it to Ms. Wilkins this morning,
24 Your Honor.

25 THE COURT: All right. Thank you. Then in addition,

1 Mr. Eury, you're not to obtain any other passport or
2 international travel document. Do you understand?

3 DEFENDANT EURY: Yes.

4 THE COURT: You're also not to possess a firearm, a
5 destructive device, or other dangerous weapon. Do you
6 understand?

7 DEFENDANT EURY: Yes.

8 THE COURT: Do you have any firearms in the home
9 where you live?

10 DEFENDANT EURY: No.

11 THE COURT: You're also not to use alcohol
12 excessively. Do you understand?

13 DEFENDANT EURY: Yes.

14 THE COURT: And you're not to use or unlawfully
15 possess a narcotic drug or other controlled substances as
16 defined by federal law unless it's been prescribed to you by a
17 licensed medical practitioner. Do you understand?

18 DEFENDANT EURY: Yes.

19 THE COURT: And you are to submit to testing for a
20 prohibited substance if it's required of you by your
21 supervising officer, which could be random testing in the form
22 of urine testing, wearing a sweat patch, remote alcohol
23 testing, or any other form of prohibited substance screening.
24 You should not obstruct, tamper or attempt to do so with any of
25 these monitoring mechanisms. Do you understand?

1 DEFENDANT EURY: Yes.

2 THE COURT: Finally, you're to report as soon as
3 possible any contact that you have -- every contact that you
4 have -- with law enforcement, including any arrests,
5 questioning, or traffic stops. Do you understand?

6 DEFENDANT EURY: Yes.

7 THE COURT: All right. And then very finally, we're
8 going to have an unsecured bond of \$100,000, which means you're
9 not going to have to post any money today. But if for some
10 reason you were to violate any of the conditions, you could
11 become subject to the entry of a judgment in that amount which
12 could -- the United States then could attempt to collect from
13 you in any lawful manner. Do you understand?

14 DEFENDANT EURY: Yes.

15 THE COURT: All right. Do you have any questions
16 about any of these conditions?

17 DEFENDANT EURY: I do not.

18 THE COURT: All right. Then Mr. Davis, I'll give you
19 a copy of this release order for Mr. Eury to sign on page 3,
20 and then there's a separate form for the appearance bond now
21 for him to sign about the middle of page 2.

22 MR. DAVIS: Thank you.

23 THE COURT: Thank you. Thank you, sir. All right.
24 I did witness Mr. Eury sign documents, so I'm going to sign
25 them as well that will provide for his release after

1 processing.

2 All right. Ms. Farrell -- Mr. Eury, you can have a
3 seat. Thank you. Ms. Farrell, these are the conditions in
4 your case. You must not violate any federal, state, or local
5 law while you're on release. Do you understand?

6 DEFENDANT FARRELL: Yes.

7 THE COURT: You also must cooperate in the collection
8 of a DNA sample if it's authorized by federal law. Do you
9 understand?

10 DEFENDANT FARRELL: Yes.

11 THE COURT: You must advise the Court or your
12 supervising officer in writing before you make any change in
13 your residence or telephone number. Do you understand?

14 DEFENDANT FARRELL: Yes.

15 THE COURT: You must appear in court as required,
16 and, if convicted, you must surrender to serve any sentence
17 that is imposed. Do you understand?

18 DEFENDANT FARRELL: Yes.

19 THE COURT: Now, as I mentioned a moment ago, you've
20 got a scheduling order, and it has specific dates in it when
21 you are to be in court again, depending on whether you enter a
22 guilty plea or have a jury trial. Mr. Howard can talk with you
23 further about those matters, including explaining to you that
24 sometimes those specific dates have to be adjusted based on the
25 number of cases before the Court or other considerations. So

1 it's important that you stay in close touch with Mr. Howard so
2 you stay on top of exactly when you need to be in court and be
3 there. Do you understand?

4 DEFENDANT FARRELL: Yes.

5 THE COURT: All right. We're also going to have in
6 this case a requirement of supervision by a probation officer
7 as they direct, which as I indicated, means that the probation
8 officer assigned to you will set up a schedule for how and when
9 they want to interact with you, and you have to follow their
10 instructions. Do you understand?

11 DEFENDANT FARRELL: Yes.

12 THE COURT: You're also to continue in or actively
13 seek employment. Do you understand?

14 DEFENDANT FARRELL: Yes.

15 THE COURT: And you are to surrender any passport to
16 the probation office. Do you understand?

17 DEFENDANT FARRELL: Yes.

18 THE COURT: And Mr. Howard, what's the status of any
19 passport of Ms. Farrell's?

20 MR. HOWARD: We surrendered it to Pretrial Services
21 this morning.

22 THE COURT: All right. Thank you, sir. And then,
23 Ms. Farrell, you're also not to obtain any passport or other
24 international travel document. Do you understand?

25 DEFENDANT FARRELL: Yes.

1 THE COURT: And you're not to possess a firearm, a
2 destructive device, or other dangerous weapon. Do you
3 understand?

4 DEFENDANT FARRELL: Yes.

5 THE COURT: Do you have any firearms in the home
6 where you're living?

7 DEFENDANT FARRELL: No.

8 THE COURT: You are also not to use alcohol
9 excessively. Do you understand?

10 DEFENDANT FARRELL: Yes.

11 THE COURT: And you are to -- not to use or
12 unlawfully possess a narcotic drug or other dangerous -- or
13 excuse me -- or other controlled substances as defined by
14 federal law unless it's been prescribed to you by a licensed
15 medical practitioner. Do you understand?

16 DEFENDANT FARRELL: Yes.

17 THE COURT: And you are to submit to testing for a
18 prohibited substance if it's required of you by your
19 supervising officer, which could be random in nature in the
20 form of urine testing, wearing a sweat patch, remote alcohol
21 testing system, or any other form of prohibited substance
22 screening. You should not obstruct, tamper, or attempt to do
23 so with any of these monitoring mechanisms. Do you understand?

24 DEFENDANT FARRELL: Yes.

25 THE COURT: And you're also to report to the

1 probation office as soon as possible every contact that you
2 have with law enforcement, including any arrests, questioning,
3 or traffic stops. Do you understand?

4 DEFENDANT FARRELL: Yes.

5 THE COURT: Finally, we're also going to have an
6 unsecured bond of \$100,000 in your case, which means that
7 you're not going to have to post any money today; but if for
8 some reason you were to violate any of these conditions, you
9 could become subject to the entry of a judgment in that amount
10 against you, which the United States then could collect in any
11 lawful manner. Do you understand?

12 DEFENDANT FARRELL: Yes.

13 THE COURT: Do you have any questions about any of
14 these conditions that I've set?

15 DEFENDANT FARRELL: I do not.

16 THE COURT: All right. Then Mr. Howard, let me hand
17 down a copy of the appearance bond and the release order.
18 Page 2 of the appearance bond down the middle of the page would
19 be where Ms. Farrell would sign, and page 3 about two-thirds of
20 the way down on the actual release order.

21 MR. HOWARD: Thank you, Your Honor.

22 THE COURT: Thank you.

23 MR. HOWARD: Your Honor, may I approach?

24 THE COURT: Yes, please. Thank you. All right. I
25 did witness Ms. Farrell executing the documents. I verify the

1 presence of her signature as appropriate. I'm signing as well
2 to provide for her release after processing.

3 All right. Mr. Eury and Ms. Farrell, I need to give
4 each of you the following warnings. I'm not singling you out
5 to do this, this is required in every case. If you were to
6 violate any of these conditions of release, it could result in
7 the immediate issuance of a warrant for your arrest, revocation
8 of your release, an order of detention, forfeiture of any bond,
9 and a prosecution for contempt of court, which could result in a
10 sentence of imprisonment, a fine, or both, that would be on top
11 of anything else that you might be facing. Do you understand?

12 DEFENDANT FARRELL: Yes.

13 DEFENDANT EURY: Yes.

14 THE COURT: And if, while you were released, you were
15 to commit another federal offense, you could become subject to
16 an additional term of imprisonment of up to 10 years that would
17 be on top of anything else that you might be facing. Do you
18 understand?

19 DEFENDANT EURY: Yes.

20 DEFENDANT FARRELL: Yes.

21 THE COURT: Each of you are also cautioned that it is
22 a crime punishable by up to 10 years in prison, a \$250,000
23 fine, or both, to obstruct a criminal investigation, to tamper
24 with a witness, a victim or informant, to retaliate or attempt
25 to retaliate against a witness, victim, or informant, to

1 intimidate or attempt to intimidate a witness, victim, juror,
2 informant or officer of the court, and these penalties will be
3 greatly increased if your conduct involved killing or attempted
4 killing of anyone. Do you understand?

5 DEFENDANT EURY: Yes.

6 DEFENDANT FARRELL: Yes.

7 THE COURT: Finally, if after release you knowingly
8 fail to appear as these conditions require or you fail to
9 surrender to serve any sentence that was imposed, you could be
10 prosecuted for a separate offense for that conduct, which could
11 carry with it a sentence of imprisonment of up to 10 years, a
12 \$250,000 fine, or both, again on top of anything else you might
13 be facing. Do you understand?

14 DEFENDANT FARRELL: Yes.

15 DEFENDANT EURY: Yes.

16 THE COURT: All right. Mr. Eury, any questions about
17 any of those warnings?

18 DEFENDANT EURY: I have none.

19 THE COURT: And Ms. Farrell?

20 DEFENDANT FARRELL: None.

21 THE COURT: All right. All right. Mr. Davis,
22 anything else we need to take up as to Mr. Eury?

23 MR. DAVIS: No thank you, Your Honor.

24 THE COURT: All right. And Mr. Howard, as to
25 Ms. Farrell?

1 MR. HOWARD: Nothing for Ms. Farrell.

2 THE COURT: Okay. One other thing I wanted to
3 mention, Mr. Howard, was that because you had appeared on
4 behalf of both Ms. Farrell and the Corporation, I wanted to
5 acknowledge that, under Rule 44, the Court has a responsibility
6 to inquire about joint representation and to personally advise
7 each defendant of the right to effective assistance of counsel,
8 including separate representation. It further states that
9 unless there is good cause to believe that no conflict of
10 interest is likely to arise, the Court must take appropriate
11 measures to protect each defendant's right to counsel.

12 At this point, all that's been done is a not guilty
13 plea has been entered on both Ms. Farrell's behalf and the
14 Corporation's behalf. But Ms. Farrell, I want to make sure you
15 understand that you have the right to effective assistance of
16 counsel, which would include the right to have separate
17 representation from any other defendant in the case. Do you
18 understand that?

19 DEFENDANT FARRELL: I understand.

20 THE COURT: All right. And Mr. Howard, do you
21 believe the Corporation also understands that?

22 MR. HOWARD: I do, Your Honor.

23 THE COURT: All right. And I know that you will take
24 responsibility for insuring that any possible conflict of
25 interests are dealt with in the case going forward, and the

1 Government is obviously on notice that this situation exists;
2 and if they believe that other steps are required of the Court,
3 then the Government has the ability to take action or seek the
4 taking of action related to that.

5 Mr. Howard, anything else that you want to put on the
6 record about that subject?

7 MR. HOWARD: Your Honor, if any potential conflict
8 manifests itself, we will take all appropriate action.

9 THE COURT: All right. Mr. Chut, anything you want
10 to be heard on?

11 MR. CHUT: No, Your Honor. Thank you.

12 THE COURT: All right. Mr. Chut, does that conclude
13 everything for this matter?

14 MR. CHUT: It does, Your Honor. Thank you, Your
15 Honor.

16 THE COURT: All right, very good. Marshal?
17 Mr. Davis and Mr. Howard, we'll have copies made of those --
18 that release paperwork so your clients can have that before
19 they leave today if they'd like.

20 MR. HOWARD: Thank you, Your Honor.


21 (Proceedings concluded.)
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C E R T I F I C A T E

I certify that the foregoing is a correct transcript
from the proceedings in the above-entitled matter.

Date: 06/02/2015



Joseph B. Armstrong, RMR, FCRR
United States Court Reporter
324 W. Market Street
Greensboro, NC 27401